

DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION

General Provisions

Proposed new rules which readopt with modifications the rules: N.J.A.C. 18:12-1.1 through 18:12-11.5, which expired on July 21, 2003.

Authorized by: Robert K. Thompson, Director, Division of Taxation

Authority: N.J.S.A. 54:1-35.1, 54:1-35.35, 54:3-14, 54:4-1, 54:4-8.66d, 54:4-23.21, 54:4-26 and 54:50-1.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2005, R.

Submit comments by June 17, 2005 to:

Nicholas Catalano
Chief, Regulatory Services Branch
Division of Taxation
P.O. Box 269
50 Barrack Street
Trenton, N.J. 08695-0269

The agency proposal is as follows:

Summary

Pursuant to Executive Order No. 66 (1978) and N.J.S.A. 52:14B-5.1c, N.J.A.C. 18:12 expired on July 21, 2003. The Division of Taxation has reviewed these new rules and has determined them to be necessary, reasonable, and proper for the purposes for which they are being proposed. They are proposed to carry out the statutory mandates of N.J.S.A. 54:1-35.35 et seq., and N.J.S.A. 54:4-1 et seq., which require the establishment of standards for valuation and revaluation of real property, property subject to taxation, specified classes entitled to tax deductions from real property taxes and qualifications for appraisal firms and individuals under contract with municipalities as tax assessors.

New rules proposed are as follows:

N.J.A.C. 18:12-1.1(a) sets forth categories of real estate transactions that are not to be used, subject to exceptions listed under subsection (b), in determining assessment-sales ratios.

N.J.A.C. 18:12-1.1(b) sets forth categories of real estate transactions that are normally excluded in determining assessment-sales ratios, but may be used in sales transactions in a competitive market where there was a willing buyer and a willing seller, both acting with full knowledge of the sales environment.

N.J.A.C. 18:12-2.1 requires the municipal tax assessor to classify each line item in the tax list according to categories designated by the applicable property classification code symbol set forth in the rule.

N.J.A.C. 18:12-2.2 sets forth property classifications with definitions.

N.J.A.C. 18:12-2.3(a) requires the municipal tax assessor to prepare a summary of property valuations appearing on the tax list with an alphabetical list of taxpayers by name.

N.J.A.C. 18:12-2.3(b) requires the municipal tax assessor to prepare a summary of deduction amounts for senior citizens, disabled citizens, and their surviving spouses; and for veterans and their surviving spouses and the surviving spouses of servicepersons; along with the number of parcels and exemption amounts for specified property exemption categories.

N.J.A.C. 18:12-2.4 requires the municipal tax assessor to include in the tax list the applicable building description code designations set forth in the rule for each line item.

N.J.A.C. 18:12-2.5 requires the tax list to show parcels of assessed farmland which are classified partly “Class 3B” and partly “Class 3A,” as separate line items with real property improvements included as Class 3A.

N.J.A.C. 18:12-2.6 requires designations on the tax list for approved tax deductions for senior citizens, disabled citizens, and their surviving spouses, and for veterans and their surviving spouses and the surviving spouses of servicepersons.

N.J.A.C. 18:12-2.7 requires the municipal tax assessor for certain taxing districts to prepare an annual tax list indicating whether each parcel of property, in part or in whole, is located within the boundaries of the Hackensack Meadowlands District. Any parcel so located is to be designated as such.

N.J.A.C. 18:12-2.8 sets forth the real property tax list and accompanying instructions describing the format and content, including page and column headings, specific property exemptions, special tax codes, property classification summary and municipal tax assessor's affidavit.

N.J.A.C. 18:12-3.1(a) requires municipal tax assessors to enter the name of the owners, value and a description of all churches, cemeteries, public buildings and other real properties exempt from taxation, in the exempt property list.

N.J.A.C. 18:12-3.1(b) provides that the information contained in the exempt property list is to be prescribed by the Director of the Division of Taxation and should include page and column headings.

N.J.A.C. 18:12-18:12-4.1 provides definitions for the terms "contract," "director" and "firm" as they relate to revaluation of real property by appraisal firms.

N.J.A.C. 18:12-4.2 requires the Director of the Division of Taxation to establish assessment standards to be used in the valuation and revaluation of real property and to prescribe minimum qualifications for firms providing such services. This subsection also requires any municipality contracting for such services to submit the contract, prior to execution, to the Director for a 30 day review period. Assignments or transfers of the contract may not occur without the written consent of all contractual parties, including the surety company, county board of taxation and the Director. Finally, this subsection

prohibits any other changes in the contract without the mutual consent of the contracting parties and the written permission of the surety company and the Director.

N.J.A.C. 18:12-4.3 provides for a formal hearing before the Director by any municipality, firm or individual aggrieved by a determination of the Director regarding the revaluation contract. The rule requires the hearing to be conducted pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., with an appeal allowable to the Appellate Division pursuant to the Rules of Court within 45 days of the date of the Director's final decision.

N.J.A.C. 18:12-4.4 requires an appraisal firm seeking approval from the Director to become a revaluation firm, to provide annually certain financial, personnel and other information about the firm.

N.J.A.C. 18:12-4.5 requires that revaluation contracts submitted to the Director for review must include a provision that no county board of taxation commissioner or employee have any interest as an officer, stockholder or employee of the appraisal firm, nor shall any such company represent any property owner or taxpayer filing a tax appeal with respect to a revaluation by the firm.

N.J.A.C. 18:12-4.6 sets forth the minimum requirements that principals and employees of an appraisal firm must meet in order to be able to engage in municipal revaluation programs. Such requirements include numbers of years of appraisal experience and in-office training pursuant to the Division's oversight obligations under N.J.S.A. 54:1-35.35.

N.J.A.C. 18:12-4.7 requires a municipality using an appraisal firm to do a revaluation, to provide certain information to the firm, including an up-to-date tax map which is also to be submitted to the Property Administration section of the Division of Taxation for suitability determination, along with a surveyor's certification that the map is up-to-date and a revision block showing approval of the map by the municipal engineer.

N.J.A.C. 18:12-4.8 requires any firm engaged in a revaluation to comply with the standards and conditions set forth in Subchapter 4. This subsection further provides that determinations made by an appraisal firm be submitted to and approved by the municipal tax assessor so as to help implement N.J.S.A. 54:1-35.35. The rule sets forth

methodologies for revaluing different property classifications, how real property identification material is to be entered on property record cards and how property inspections are to be performed. The rule also requires every revaluation contract to include certain items regarding progress and control of operations, and that the revaluation firm also conduct a program of taxpayer orientation and education regarding the revaluation. The rule requires the appraisal firm to create a neighborhood map prepared for the municipal tax assessor indicating all neighborhoods in the municipality. This requirement will make it easier for assessors to compare property values of changing neighborhoods. The rule also recommends that a municipality obtain a CAMA package for revaluation maintenance. Obtaining this software program will assist a large scale appraisal by facilitating statistical analysis. Finally, the appraisal firm must assist the municipality in the defense of all valuations by providing expert witnesses in an initial appeal to the county tax board.

N.J.A.C. 18:12-4.9 sets forth procedures to be utilized by appraisal firms to provide taxpayers who wish to review their proposed real property assessments.

N.J.A.C. 18:12-4.10 requires an appraisal firm to provide surety and insurance protection, including workers' compensation, liability and a performance surety bond, to a municipality in the event of a lawsuit, litigation, demand or claim arising out of the revaluation contract.

N.J.A.C. 18:12-4.11 requires an appraisal firm to provide a municipal tax assessor with completed property cards filed by block and lot numbers, along with all supporting data, documentation and special procedures used in deriving values. This subsection also requires the firm to make qualified personnel available to the assessor to explain and provide instruction on materials submitted regarding the revaluation.

N.J.A.C. 18:12-10.1 defines terms that pertain to the taxability of property used primarily for business.

N.J.A.C. 18:12-10.2 provides definitions for the terms “real property” and “personal property” for determining when such property is subject to local property tax pursuant to the provisions of N.J.S.A. 54:4-1.

Because the Division has provided a 60 day comment period on this notice of proposal, this notice is excepted from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.3(a)5.

Social Impact

The intended effect of the proposed rules is to increase real property tax fairness. They implement statutory provisions by establishing standards for classifications of property to be followed by appraisal firms and municipal tax assessors, preparation of tax lists by municipal tax assessors, requirements for the approval of appraisal firms and standards for revaluation, upgrading tax map preparation and property tax rebate procedures, and establishing time extensions for the filing of homestead rebate applications. The public policy of seeking uniformity in the way revaluations and reassessments of real property are done will continue. This will minimize the effect of artificial factors on real property valuations and contribute to relative tax fairness, both in substance as well as perception. Codifying and updating what have been largely traditional practices by appraisal firms and municipal tax assessors will also increase the goal of having most value determinations done in an equitable manner.

Economic Impact

The retaining, revising and adding of sales of real properties that may not be used in determining assessment-sales ratios is continued from the expired rules. The new rules also seek to minimize the impact of artificial and/or subjective factors that would tend to skew sales which are not arms length transactions between willing buyers and sellers but which are used in state or county equalization. The rules may also result in lower real property taxes for some real property owners and higher taxes for others, but are overall revenue neutral.

Additionally, the new rules proposed relate to the standards and conditions that must be met by appraisal firms before they can be approved to do revaluations. The requirement that the firms create neighborhood maps for municipal tax assessors may increase the cost of contracts between municipalities and firms.

The statute and supporting administrative rules may also promote uniformity of the revaluation process by providing additional information on the municipal tax map and requiring the municipality to accelerate the process by specific date submission of a tax map and to make inspections of real property before existing property record cards may be relied on.

Federal Standards Statement

The proposed rules do not contain requirements that exceed those imposed by federal law. The proposed new rules represent policies of the State of New Jersey regarding implementation of N.J.S.A. 54:1-35.35 *et seq.*, and 54:4-1 that are independent of federal requirements or standards. Accordingly, no federal standards analysis is required.

Jobs Impact

It is anticipated that the readoption of the rules may have an impact on the job market for persons applying for positions with firms doing revaluation work. Employment opportunities may increase with such firms due to the new rule requirement that they create neighborhood maps for municipal tax assessors.

Agriculture Industry Impact

The proposed rules will have no adverse impact on the agriculture industry beyond the general impact on the population as a whole.

Regulatory Flexibility Analysis

The proposed rules may have an effect on small businesses as the term is defined in N.J.S.A. 52:14B-16 et seq., because revaluation firms will be required to create neighborhood maps for municipal tax assessors.

Smart Growth Impact

The proposed rules are not expected to have any adverse impact on the growth, development or redevelopment of the State's urban or suburban areas with regard to existing or proposed land use, protection of open space or transportation systems, but only implement statutory law and codify guidelines that have traditionally been used by the Division and municipal tax assessors in determining the value of real property for tax purposes. Therefore, the readoption of the rules will not impact on the achievement of smart growth or implementation of the State Development and Redevelopment Plan.

Full text of the proposed rules follows:

SUBCHAPTER 1. CATEGORIES OF NONUSABLE DEED TRANSACTIONS

18:12-1.1 Categories enumerated

(a) The deed transactions of the following categories are not usable in determining assessment-sales ratios pursuant to N.J.S.A. 54:1-35.1 et seq.:

1. Sales between members of the immediate family;
 2. Sales in which “love and affection” are stated to be part of the consideration;
 3. Sales between a corporation and its stockholder, its subsidiary, its affiliate or another corporation whose stock is in the same ownership;
 4. Transfers of convenience; for example, for the sole purpose of correcting defects in title, a transfer by a husband either through a third party or directly to himself and his wife for the purpose of creating a tenancy by the entirety, etc.;
 5. Transfers deemed not to have taken place within the sampling period.
- Sampling period is defined as the period from July 1 to June 30, inclusive, preceding the date of promulgation, except as hereinafter stated. The recording date of the deed within this period is the determining date since it is the date of official record. Where the date of deed or date of formal sales agreement occurred prior to January 1, next preceding the commencement date of the sampling period, the sale shall be nonusable;
6. Sales of property conveying only a portion of the assessed unit, usually referred to as apportionments, split-offs or cut-offs; for example, a parcel sold out of a larger tract where the assessment is for the larger tract;

7. Sales of property substantially improved subsequent to assessment and prior to the sale thereof;

8. Sales of an undivided interest in real property;

9. Sales of properties that are subject to an outstanding Municipal Tax Sales Certificate, a lien for more than one year in unpaid taxes on real property pursuant to N.J.S.A. 54:5-6, or other governmental lien;

10. Sales by guardians, trustees, executors and administrators;

11. Judicial sales such as partition sales;

12. Sheriff's sales;

13. Sales in proceedings in bankruptcy, receivership or assignment for the benefit of creditors and dissolution or liquidation sales;

14. Sales of doubtful title including, but not limited to, quit-claim deeds;

15. Sales to or from the United States of America, the State of New Jersey, or any political subdivision of the State of New Jersey, including boards of education and public authorities;

16. Sales of property assessed in more than one taxing district;

17. Sales to or from any charitable, religious or benevolent organization;

18. Transfers to banks, insurance companies, savings and loan associations, or mortgage companies when the transfer is made in lieu of foreclosure where the foreclosing entity is a bank or other financial institution;

19. Sales of properties whose assessed value has been substantially affected by demolition, fire, documented environmental contamination, or other physical damage to the property subsequent to assessment and prior to the sale thereof;

20. Acquisitions, resale or transfer by railroads, pipeline companies or other public utility corporations for right-of-way purposes;

21. Sales of low/moderate income housing as established by the Council on Affordable Housing;

22. Transfers of property in exchange for other real estate, stocks, bonds, or other personal property;

23. Sales of commercial or industrial real property which include machinery, fixtures, equipment, inventories, or goodwill when the values of such items are indeterminable;

24. Sales of property, the value of which has been substantially influenced by zoning changes, planning board approvals, variances or rent control subsequent to assessment and prior to the sale;

25. Transactions in which the full consideration as defined in the “Realty Transfer Fee Act” is less than \$100.00;

26. Sales which for some reason other than specified in the enumerated categories are not deemed to be a transaction between a willing buyer, not compelled to buy, and a willing seller, not compelled to sell;

27. Sales occurring within the sampling period but prior to a change in assessment practice resulting from the completion of a recognized revaluation or reassessment program, i.e. sales recorded during the period July 1 to December 31 next preceding the tax year in which the result of such revaluation or reassessment program is placed on the tax roll.

28. Sales of properties which are subject to a leaseback arrangement;

29. Sales of properties subsequent to the year of appeal where the assessed value is set by court order, consent judgment, or application of the "Freeze Act."

30. Sale in which several parcels are conveyed as a package deal with an arbitrary allocation of the sale price for each parcel;

31. First sale after foreclosure by a federal- or state-chartered financial institution;

32. Sale of a property in which an entire building or taxable structure is omitted from the assessment;

33. Sales of qualified farmland or currently exempt property.

(b) Transfers falling within the foregoing categories nos. 1, 2, 3, 9, 10, 13, 15, 17, 26, 28 and 31 (under section 1.1(a)), should generally be excluded but may be used if after full investigation it clearly appears that the transaction was a sale between a willing buyer, not compelled to buy, and a willing seller, not compelled to sell, with all conditions requisite to a fair sale with the buyer and seller acting knowledgeably and for their own self-interests, and that the transaction meets all other requisites of a usable sale.

SUBCHAPTER 2. PREPARATION OF LOCAL PROPERTY TAX LIST AND DUPLICATE

18:12-2.1 Insertion of property classification code on line items

The municipal tax assessor of each taxing district shall classify each line item appearing in the tax list according to the several categories shown below, and shall designate the same by the applicable property classification code symbol.

PROPERTY CLASSIFICATION CODE

Symbol	Category
1	Vacant Land
2	Residential (4 Families or less)
3A	Farm (Regular)
3B	Farm (Qualified)
4A	Commercial
4B	Industrial
4C	Apartment/cooperative
5A	Class I Railroad
5B	Class II Railroad
6A	Personal Property Telephone
6B	Machinery, Apparatus or Equipment of Petroleum Refineries
15A	Exempt Public School
15B	Exempt Other School
15C	Exempt Public

15D	Exempt Charitable
15E	Exempt Cemetery
15F	Exempt Miscellaneous

18:12-2.2 Property classifications with definitions

(a) Class 1: “Vacant Land” means land itself above and under water in its original, indestructible, immobile state. Vacant land is idle land, not actively used for agricultural or any other purpose; unused acreage; and is land in an approved subdivision actively on the market for sale or being held for sale.

(b) Class 2: “Residential” means property described generally as a dwelling house including the lot or parcel of land on which the dwelling house is situated. The dwelling is functionally designed for use and enjoyment by not more than four families. This class includes residential condominiums. A dwelling functionally designed for use and enjoyment by more than four families should be designated Class 4C.

(c) Class 3A: “Farm property (Regular)” means land being used for agricultural or horticultural purposes, including its use for the breeding, pasturing and production of livestock and animal products. Farm property also includes land, together with improvements, where the use of the land and function of the buildings thereon are for agricultural or horticultural purposes, as well as farm houses and the lots or parcels of land on which they are situated.¹

(d) Class 3B: “Farm property (Qualified)” means land which has qualified and is assessed under the Farmland Assessment Act, Chapter 48, Laws of 1964.

¹ For definitions of Agricultural Use and Horticultural Use, see Reg. 16:12-10.100(c) and (g) of the Regulations Governing The Evaluation, Assessment and Taxation of Land Under the “Farmland Assessment Act of 1964.”

(e) Class 4A: “Commercial properties” means any other type of income-producing property other than property in classes 1, 2, 3A, 3B and those properties included in classes 4B and 4C below.

(f) Class 4B: “Industrial properties” means land or land and improvements adaptable for industrial use; ideally, a combination of land, improvements, and machinery which has been integrated into a functioning unit intended for the assembling, processing, and manufacturing of finished or partially finished products from raw materials or fabricated parts, such as factories; or a similar combination intended for rendering service, such as laundries, dry cleaners or storage warehouses.

(g) Class 4C: “Apartments” designed for the use and enjoyment of five families or more.² This class includes residential co-operatives and mutual housing corporations.

(h) Class 5A: “Railroad Class I” means real property consisting of the length of main stem of a railroad in each taxing district.

² While classes 4A, 4B and 4C are required to be separately designated on the tax list, the aggregate of these classes will be indicated as class 4 (“Other”) for the purpose of the Table of Equalized Valuations (school aid table).

(i) Class 5B: "Railroad Class II" means all real property used for railroad purposes which is not class I or class III ("Railroad Class III" means passenger facilities).

(j) Class A: "Personal Property Telephone" means tangible goods and chattels exclusive of inventories used in the business of telephone companies.

(k) Class 6B: "Machinery, Apparatus or Equipment of Petroleum Refineries" means the machinery, apparatus or equipment of a petroleum refinery that is directly used to manufacture petroleum products from crude oil in any of the series of petroleum refinery processes commencing with the introduction of crude oil and ending with refined petroleum products, but shall exclude items of machinery, apparatus or equipment which are located on the grounds of a petroleum refinery but which are not directly used to refine crude oil into petroleum products.

(l) Class 15A: "Public School Property" means real property owned by federal, state, county or local governments or their agencies used for public education.

(m) Class 15B: "Other School Property" means real property owned by a non-governmental, non-profit corporation used for educational purposes.

(n) Class 15C: "Public Property" means real property owned by federal, state, county or local governments or their agencies and devoted to public uses.

(o) Class 15D: "Church and Charitable Property" means real property owned by religious and charitable organizations actually and exclusively used in the work of the organizations.

(p) Class 15E: "Cemeteries and Graveyards" means real property solely devoted to or held for use as a cemetery, graveyard or burial ground.

(q) Class 15F: "Other Exempt" means real property exempt from taxation but not described in any of the foregoing classes.

18:12-2.3 Tax list page summaries; recapitulation of property

(a) The municipal tax assessor shall prepare a summary containing the valuations as they appear in the tax list and duplicate for both taxable and exempt properties. In addition, the municipal tax assessor shall prepare an alphabetical index listing the taxpayer by name. The summaries will pertain to the property classification code as described in section 1 of this subchapter.

(b) The municipal tax assessor shall make provisions for a summary of deduction amounts for senior citizens, disabled citizens, and their surviving spouses, and for veterans and their surviving spouses and the surviving spouses of servicepersons. There shall also be a summary setting forth the number of parcels and the exemption amounts for the following:

- | | |
|--|-----------------------|
| 1. Fire Suppression Systems; | (N.J.S.A. 54:4-3.130) |
| 2. Pollution Control; | (N.J.S.A. 54:4-3.56) |
| 3. Fallout Shelter; | (N.J.S.A. 54:4-3.48) |
| 4. Water Supply Control or sewerage disposal system; | (N.J.S.A. 54:4-3.56) |
| 5. Commercial Industrial Exemption; | (N.J.S.A. 40A:21-8) |
| 6. Dwelling Exemption; | (N.J.S.A. 40A:21-1) |
| 7. Dwelling Abatement; | (N.J.S.A. 40A:21-1) |
| 8. New Dwelling/Conversion Exemption; | (N.J.S.A. 40A:21-5) |
| 9. New Dwelling/Conversion Abatement; | (N.J.S.A. 40A:21-6) |
| 10. Multiple Dwelling Exemption; | (N.J.S.A. 40A:21-6) |
| 11. Multiple Dwelling Abatement; | (N.J.S.A. 40A:21-6) |
| 12. Urban Enterprise Zone Abatement. | (N.J.S.A. 54:4-3.139) |

(c) The municipal tax assessor shall prepare a summary of special tax districts such as fire, garbage, water and special improvement district and R.E.A.P. Eligible.

18:12-2.4 Insertion of building description code on line items

The municipal tax assessor of each taxing district shall include in the tax list the applicable building description code designation for each line item and such inclusion shall be in accordance with the building description code appearing below.

BUILDING DESCRIPTION CODE

FORMAT

Stories:

S Prefix S with number of stories

Structure:

Al	Aluminum siding
B	Brick
CB	Concrete block
F	Frame
M	Metal
RC	Reinforced concrete
S	Stucco
SS	Structural steel
St	Stone
W	Wooden

Style:

A	Commercial
B	Industrial
C	Apartments
D	Dutch Colonial
E	English Tudor
F	Cape Cod
L	Colonial
M	Mobile home
R	Rancher
S	Split level
T	Twin
W	Row home
X	Duplex
Z	Raised rancher
O	Other
2	Bilevel
3	Trilevel

Garage:

AG Attached garage

UG Unattached garage

Note: Number of Cars is prefixed to Code.

Example: 1.5SSSt L 2AG means 1½ stories, stone, colonial, two car attached garage

18:12-2.5 Separate line item for farm property assessment

Where a portion of a parcel of farmland is assessed under the provision of the Farmland Assessment Act as Farm (Qualified), Class 3B, and another portion of the parcel is assessed as Farm (Regular), Class 3A, each said portion must be shown on the tax list as a separate line item. All farm real property improvements should be included under classification 3A.

18:12-2.6 Veteran, senior citizen, disabled citizen and surviving spouse deductions

(a) Approval of a tax deduction should be indicated by designating the claimant as "V" in the case of veteran, by "W" in the case of a widow or widower of a veteran or serviceperson, by "S" in the case of a senior citizen, by "D" in the case of a disabled citizen, and by "R" in the case of a surviving spouse.

(b) In the case of multiple ownership of a property for which tax deduction is claimed, each line item of the tax list and duplicate must reflect the total number of owners and the number of veterans, veterans' and servicepersons' surviving spouses, senior citizens, disabled citizens, and their surviving spouses.

18:12-2.7 Hackensack Meadowland District designations¹

(a) The municipal tax assessor for the taxing districts of Carlstadt, East Rutherford, Little Ferry, Lyndhurst, Moonachie, North Arlington, Ridgefield, Rutherford, South Hackensack and Teterboro all in Bergen County; and Jersey City, Kearny, North Bergen and Secaucus, all in Hudson County, in preparing the annual tax list for the aforementioned taxing districts shall, in addition to furnishing all other information required on the tax list, indicate for each parcel of property whether or not such parcel is located within the boundaries of the Hackensack Meadowlands District, i.e., the area within the jurisdiction of the Hackensack Meadowlands Development Commission in such area as mandated by N.J.S.A. 13:17-63.

(b) In the case of a parcel of property located within the boundaries of the Hackensack Meadowlands District, the municipal tax assessor shall indicate such fact by adding the letter "HM" to the lot number or to the lot number suffix in the column of the tax list captioned "Block No. Lot No."

¹ Section 61 of the Hackensack Meadowlands Reclamation and Department Act (N.J.S.A. 13:17-63) provides, as follows:

“(a) In preparing the list of owners of taxable property pursuant to Revised Statutes 54:4-24, the assessor of each constituent municipality shall indicate in the list for each parcel of property whether or not it is located within the district boundaries, in accordance with regulations prescribed by the Director of the Division of Taxation.

“ When the boundary of the district divides a lot of land, the entire lot shall be included with the district.”

(c) When the boundary of the Hackensack Meadowlands District divides a lot of land, the entire lot shall be included within the district.

18:12-2.8 Tax list and instructions

(a) Reproduced and made a part hereof are the real property tax list and accompanying instructions.

Editor's note: Graphics which were filed with these rules are not reproduced herein.

Information on such data may be obtained from the Division of Taxation, PO Box 251, Trenton, NJ 08695-0251.

(b) These instructions describe the form and content of the real property tax list and duplicate for each tax year as prescribed by the Director of the Division of Taxation.

1. The size of the tax list and duplicate should be 14 inches by 17 inches. Each page of a tax list should provide for 14 line items.

i. Page headings:

(1) Title: "REAL PROPERTY TAX LIST"; An identical list shall also be prepared which shall serve as the municipal tax assessor's duplicate;

(2) Page number;

(3) Taxing district name and number;

(4) County name and number; and

(5) County percentage level.

ii. Column headings: The following headings shall appear on the real property tax list and duplicate.

(1) Column 1--Line number: This column assigns a line number to a particular parcel of property for identification in billing and other purposes. Each line must be consecutively numbered on every page.

(2) Column 2—Block number, lot number, qualification code and account number: Insert the block and lot number of the parcel and the qualification code if any. Qualification codes are shown on the real property tax list under the legend. The account number, if used, shall be entered in this column.

(3) Column 3—Land dimensions, acreage, property classification, building description code and additional lots: Insert land dimensions of lot or lots or the acreage where applicable, appropriate building description code and the appropriate property classification.

(4) Column 4—Owner's name: Insert owner's name, mailing address and zip code, property location, billing code, type of zoning as shown on zoning map of taxing district and tax map page.

(5) Column 5—Land taxable value.

(6) Column 6—Improvements taxable value.

(7) Column 7--Exemptions: The exemption code and the exemption amount should be inserted in this column. The specific exemptions are as follows:

Code	
E--Fire Suppression System	(N.J.S.A. 54:4-3.130)
P--Pollution Control	(N.J.S.A. 54:4-3.56)
F--Fallout Shelter	(N.J.S.A. 54:4-3.48)
W--Water Supply Control	(N.J.S.A. 54:4-3.56)
G--Commercial Industrial	(N.J.S.A. 40A:21-8)
I--Dwelling Exemption	(N.J.S.A. 40A:21-1)
J--Dwelling Abatement	(N.J.S.A. 40A:21-1)
K--New Dwelling/Conversion Exemption	(N.J.S.A. 40A:21-5)
L--New Dwelling/Conversion Abatement	(N.J.S.A. 40A:21-5)
N--Multi Dwelling Exemption	(N.J.S.A. 40A:21-6)
O--Multi Dwelling Abatement	(N.J.S.A. 40A:21-6)
U--Urban Enterprise Zone	(N.J.S.A. 54:4-3.139)

(8) Column 8—Net taxable value: Insert the total of columns 5 and 6 minus column 7.

(9) Column 9--Deductions: Approval of a tax deduction should be indicated by designating "V" in the case of a veteran, "W" in the case of a widow or widower of a veteran or serviceperson, "S" in the case of a senior citizen, "D" in the case of a disabled citizen and "R" in the case of a surviving spouse. If there are several owners or deductions, indicate this information in this column.

(A) The above information is necessary to determine the proportionate share of the eligible applicant's interest in the property.

(10) Special tax codes: Insert the special tax codes as follows:

F--Fire

G--Garbage

S--Special Improvement District

W--Water

R--R.E.A.P. Eligible

iii. Property classification summary:

(1) The summary of the several real property classes will be prepared on a separate listing. The summary will facilitate the preparation of an accurate sales ratio card (Form SR-3A) for each taxing district in the State.

(2) Note that classification 3 (Farm) has been divided into two sub-classes. Classification 3A (Regular) includes all farmland and farm improvements not subject to the "Farmland Assessment Act of 1964" (P.L. 1964, c. 48). Classification 3B (Qualified) includes those lands which are assessed under the Farmland Assessment Act of 1964.

Farms listed under classification 3B are subject to roll-back taxes in the event of a change in use.

iv. Municipal tax assessor's affidavit--form and content:

(1) See N.J.S.A. 54:4-36 for the form of affidavit to be annexed to the tax list and duplicate.

(2) When a district-wide revaluation or reassessment has been completed and put into operation, and such taxable valuations conform to the percentage level established for such year for expressing the taxable value of real property in the county, the municipal tax assessor should be sure to affix to his assessment list and duplicate, the affidavit and additional statement required under N.J.S.A. 54:4-36 (a) and (b), in order that the percentage level established for the taxable value of real property in the county may be accepted as the common level for such year. (See N.J.S.A. 54:4-2.47).

SUBCHAPTER 3. PREPARATION AND FILING OF EXEMPT PROPERTY TAX LIST AND DUPLICATE

18:12-3.1 Tax exempt list; format and contents

Municipal tax assessors are required to enter in the exempt property list and duplicate, a description of all churches, cemeteries, public buildings and other real property exempt from taxation with the name of the owner and the value of such land and buildings.

(b) The information required under subsection (a) herein is to be contained in the form and content of the exempt property list and duplicate as prescribed by the Director of the Division of Taxation. The size of the exempt property list and duplicate should be 14 inches x 17 inches. Each page of the list should provide for 14 line items.

1. Page headings:

i. Title: "EXEMPT PROPERTY LIST": An identical list shall also be prepared which shall serve as the municipal tax assessor's duplicate;

ii. Page number;

iii. Taxing district name and number;

iv. County name and number;

v. County percentage level.

2. Column headings: The following headings shall appear on the exempt property list.

i. Column 1—Line number: This column assigns a line number to a particular parcel or property for identification purposes.

ii. Column 2--Block number, lot number, qualification code and account number: Insert the block and lot number of the parcel and the qualification code if any. Qualification codes are shown on the exempt property tax list under the legend. The account number, if used, should be entered in this column.

iii. Column 3—Name of facility: Insert building description code, property classification, land dimensions, acreage and additional lots.

iv. Column 4--Owner's name: Insert the full name of the owner, the owner's mailing address, the property location which identifies the location by street name and number, the billing code, zoning and the tax map page.

v. Column 5--Identification code: Use the code as shown in the New Jersey Property Tax System Legend by the Division of Taxation. Insert the two appropriate digits which denote ownership. Insert the two appropriate digits which denote the property purpose or use. Also, insert the three appropriate digits which denote specific description.

vi. Column 6--Statute under which exemption claimed: In accordance with the provisions of N.J.S.A. 54:4-27, municipal tax assessors are required to state the grounds for exemption for each parcel of property to which exemption from taxation is allowed. The citation of the statute under which an exemption is allowed can be found on Line 13 of a properly executed Initial Statement Form, Form I.S.

vii. Column 7--Filing date of statement: Insert the date on which the initial statement and/or further statement was filed with the municipal tax assessor's office as required by law. A further statement, Form F.S., is required to be filed every third year following the filing of an initial statement which was the basis for granting the exemption. See N.J.S.A. 54:4-4.4.

viii. Column 8—Land value: Insert the true value of the land to which an exemption has been granted. This will facilitate the conduct of the ongoing state-wide statistical study. This value should be consistent with full values of other real property in the taxing district.

ix. Column 9--Insert the true value of all buildings or improvements to which an exemption has been granted.

x. Column 10--Total exempt value: Insert in this column the sum of column 8 and column 9. The total of all exempt property should agree with the total exempt property as shown in the table of aggregates that is filed with the county board of taxation. The exempt property list should be produced in block and lot sequence together with an alphabetical list showing the owner of the exempt property. These lists should be inserted in the back portion of the tax list and duplicate.

SUBCHAPTER 4. REVALUATION OF REAL PROPERTY BY APPRAISAL FIRMS

18:12-4.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise.

"Contract" means any agreement between a firm, as defined below, and a municipality for a revaluation or assistance with a reassessment of all of the real property in a municipality.

"Director" means the Director of the Division of Taxation.

"Firm" means any individual, partnership, corporation or other association contracting to perform a revaluation or assistance with a reassessment.

18:12-4.2 Authority of the Director; approval of contracts

(a) The Director shall establish standards to be used in the valuation and revaluation of real property for assessment purposes and shall prescribe minimum qualifications for engaging in the business of providing such services to municipalities in this State.

(b) Prior to the execution of any contract, a municipality shall submit the contract to the Director for his/her review. The Director shall make a determination regarding the revaluation contract within 30 days of submission and for reassessment contracts within 45 days of submission.

(c) No firm shall assign or transfer a contract or any interest therein without written permission from the municipality, surety company, county board of taxation and the Director.

(d) No changes will be permitted in the contract except upon mutual consent of the contractual parties and written permission of the surety company and the Director.

18:12-4.3 Appeals from Director's disapproval of contract

(a) Any municipality, firm or individual aggrieved by any determination of the Director respecting a revaluation contract may request a formal hearing before the Director who shall render a decision within 30 days of the completion of the said hearing.

(b) Such hearing shall be conducted pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq.

(c) An appeal of the Director's decision may be taken within 45 days of the date of final decision to the Appellate Division pursuant to the Rules of Court.

18:12-4.4 Appraisal firm: required information to be submitted

(a) An appraisal firm seeking approval from the Director to become an approved New Jersey revaluation firm shall initially provide the following information which shall be submitted annually thereafter:

1. Financial statements, including balance sheets and income statements for the past three years;

2. A list of municipalities in New Jersey and outside the State where the revaluations have been performed during the past five years;

3. The names and addresses of the officers and the number of years each office has been engaged in real property valuation.

4. A statement of whether any litigation involving the firm's performance or revaluation contract has occurred during the past five years and, if so, explain in detail the nature of such litigation and the results thereof;

5. Any additional information the Director deems pertinent to determine whether the firm has adequate staff and resources to undertake a municipal valuation project;

6. A written statement asserting that the firm shall meet State and Federal requirements with respect to Equal Employment Opportunity laws and minimum wage rates; and

7. The names and addresses of the firm's parent corporation and subsidiaries, if any, shall be submitted.

18:12-4.5 Conflict of Interest

(a) A contract submitted to the Director shall include the following provisions with respect to officers, stockholders and employees of the firm:

1. No commissioner or employee of a county board of taxation within the county shall have any interest whatsoever, directly or indirectly, as an officer, stockholder, or employee or in any other capacity of the firm.

2. No company referred to in N.J.A.C. 18:12-4.4(a)7 shall represent any property owner or taxpayer filing a tax appeal with respect to a revaluation by the firm.

18:12-4.6 Appraisal Firm: qualifications of principals and employees

(a) The principals of the firm and the employees of the firm directly engaged in municipal revaluation programs in this State shall meet the following minimum requirements:

1. Principals shall have five years of practical and extensive appraisal experience in the valuation of the four classifications of property;

2. Supervisors shall have four years of practical and extensive appraisal experience in the appraisal of the particular type of properties for which they are responsible. Two years of this experience must have been in the mass appraisal field and occurred within the past five years;

3. Field personnel, building enumerators and lists shall have received 150 hours of in-service training pertaining to their particular phase of work and shall be generally aware of all other phases of the revaluation project before starting actual field work;

4. Personnel determining final land values shall meet the qualifications prescribed for supervisors in direct charge of the work; and

5. A resume shall be submitted on behalf of principals and supervisors.

18:12-4.7 Municipality; conditions to be met

(a) A municipality shall facilitate a firm's performance of the revaluation by providing the following:

1. An up-to-date tax map as well as:

i. Within 90 days of a county tax board order to revalue, a municipality shall submit an up-to-date tax map to Property Administration to determine if it is suitable for revaluation use;

ii. A letter from a licensed land surveyor shall be submitted with the tax map to Property Administration certifying that the map is up-to-date;

iii. The revision block, located on the first page of a municipal tax map, must indicate that the municipal engineer reviewed the tax map within one year of submission to be considered suitable for revaluation use;

2. Official records and such other assistance required as an aid to the firm's performance. However, this does not relieve the firm's responsibility to field inspect all properties.

3. Letters of introduction to facilitate the firm's representative access to the property; and

4. The mailing addresses of all property owners in the municipality to enable the revaluation firm to maintain a current mailing list. Informational letters mailed by the revaluation firm to property owners may require the signature of the municipal tax assessor.

18:12-4.8 Standards for revaluation

(a) Any firm engaged in the revaluation of all of the real property in a municipality shall comply with the standards and conditions set forth in this subchapter. The revaluation firm acts as the agent of the municipal tax assessor and all determinations made by the firm shall be submitted to, and approved by, the municipal tax assessor.

1. Real property shall be valued in accordance with N.J.S.A. 54:4-1 et seq.:
2. With regard to real property being constructed or altered, the firm shall determine the percentage of completion and the appraised value of said property as of October 1 of the pretax year;
3. A separate list of exempt properties shall be provided indicating the values of said properties as if taxable;
4. Land qualified under the Farmland Assessment Act of 1964, N.J.S.A. 54:4-23.1 et seq., shall be valued in accordance with its qualified farmland value and its highest best use value;
5. In determining taxable values of all real property, the firm shall employ the three approaches to value where applicable. The capitalization procedure shall be included with the property record card and reconciled with the other approaches to value;
6. To facilitate the use of the approaches to value the most recent edition of the Real Property Appraisal Manual for New Jersey Assessors shall be used. The use of any other appraisal manual as a basis for valuing real property shall require approval by the Director;
7. The firm shall include real property identification material on properly labeled individual property record cards similar in form and content to those illustrated in the Real Property Appraisal Manual. Distinct property record cards for each of the four classifications of real property shall be provided;
8. The real property identification material to be entered on property record cards shall include, but not necessarily be limited to, the following:

- i. A scaled sketch of the exterior building dimensions;
 - ii. Notations of significant building components as ascertained from both an interior and exterior inspection;
 - iii. Entries on the property record cards respecting the values of each lot and building including such items as age, construction, condition, depreciation, obsolescence, additions and deductions, appraised value, recent sales prices, rental data and all other pertinent information pertaining to the valuation of the property;
 - iv. Where more than one property card is required in the description of a property, all cards shall be assembled in a standard file folder and property labeled;
 - v. Each property record card shall identify the individual making the inspection and set forth the date when the interior inspection was made; and
 - vi. Digital photograph(s) of each individual property in the municipality.
9. The inspection of each property shall be performed in the following manner:
- i. No less than three attempts shall be made to gain entry to each property;
 - ii. If successful entry has not been made after the first attempt, a card shall be left at the property indicating a date when a second attempt to gain entry will be made;
 - iii. The card shall include a phone number and address to permit the property owner to contact the firm to make other arrangements, if necessary;
 - iv. If entry is not possible upon the second visit, written notice shall be left advising that an assessment will be estimated unless a mutually convenient arrangement is made for a third visit to gain access to the property;

v. The firm shall schedule inspections during reasonable hours which shall include evenings and Saturdays;

vi. The municipal tax assessor shall be notified in writing of each failure to gain entry to a property and a list of all non-entries and reasons for same shall be provided to the municipal tax assessor prior to the mailing of values.

10. Every contract shall include the following items respecting progress and control of operations:

i. A commencement date and a completion date, the latter not later than November 1. Assessment notices shall not be sent prior to November 10. Taxpayer's reviews shall be completed not later than December 10;

ii. A requirement providing for the submission to the municipal tax assessor of a work schedule or plan of operations;

iii. The firm shall provide written monthly progress reports to the municipal tax assessor for his review. The municipal tax assessor shall forward the reports to the county board of taxation. If the county board of taxation does not receive the required monthly progress report, it must notify in writing the Director of the Division of Taxation immediately.

iv. Each progress report shall indicate the status or work progress which shall serve as a basis for proportional payments by the municipality. In no event shall more than 90 percent of the total contract price be billed until full completion and performance of the contract, except any requirements for defense of tax appeals. Furthermore, if the character or progress of the work is not satisfactory to the county board of taxation after

two consecutive months, the county board shall also notify the Director of the Division of Taxation in writing of such lack of satisfactory progress as soon as possible.

v. Any change in personnel shall be submitted in writing to the municipal tax assessor and county board of taxation.

11. A provision committing the firm to conduct and/or assist the municipality in a program of taxpayer orientation and education regarding the revaluation program including, but not necessarily limited to, the following:

i. Press releases describing the purpose and nature of the revaluation program;

ii. Meetings with public groups in the community;

iii. Mailings approved by the municipal tax assessor, at the firm's expense, to all property owners explaining the nature and purpose of the revaluation and setting forth a proposed date for the commencement of inspections in the municipality.

12. The firm shall provide its representatives with photographic identification cards;

13. Following the formulation of land valuations, a land value map shall be prepared for the municipal tax assessor for his review which will indicate all unit values and underlying data used to derive unit values;

14. The firm shall create a neighborhood map prepared for the municipal tax assessor that will indicate all neighborhoods and/or value control sectors in the municipality.

15. It is recommended that the municipality obtain a CAMA package for purposes of revaluation maintenance.

16. The firm shall provide all office space, furniture, equipment, machines, and other items required in connection with this project unless otherwise provided by contract;

17. The firm shall assist by providing expert witnesses in the defense of all valuations rendered to the municipality which are appealed to the county tax board. The firm's obligation with respect to this requirement is limited to the initial appeal of an assessment filed during the year in which the revaluation is implemented or the following tax year. Such assistance shall include a qualified expert from the firm who is knowledgeable with regard to challenged assessments. In the event the municipality elects to utilize the defense services of the firm for appeals beyond the county board of taxation level and which are filed during the year in which the revaluation is implemented or the following tax year, an hourly rate for such services shall be set forth by the firm. Said hourly rate shall apply to services rendered by the firm in connection with preparation, reinspections, consultations and actual appearances at appeal proceedings.

18:12-4.9 Taxpayer review procedure

(a) The firm shall provide taxpayers with an opportunity to review the proposed assessment of their property.

(b) The firm, at its expense, shall mail a written notice, approved by the municipal tax assessor, indicating the appraised value of the property and advising the taxpayers of their right to attend an individual informal review.

(c) Informal reviews shall be held at a designated location within the municipality and shall be scheduled so as to allow the firm sufficient time to fully review and discuss the proposed assessment with the taxpayer as follows:

1. Each taxpayer attending a review shall be afforded an individual meeting with a qualified person employed by the firm;
2. Sufficient time shall be allotted to hear and conclude reviews on or before December 10;
3. A written record of each review shall be provided to the municipal tax assessor in a format approved by the municipal tax assessor;
4. Suggested revisions by the firm resulting from the taxpayers' reviews shall be made with the consent of the municipal tax assessor; and
5. Each taxpayer shall be informed in writing by the firm of the results of their assessment review within four weeks of the conclusion of all reviews.

18:12-4.10 Surety and insurance

(a) Prior to the commencement of a contract, the firm shall provide assurance that the municipality will be adequately protected and saved harmless from any lawsuit, litigation, demand, or claim arising out of the revaluation contract. In support of the foregoing, and in addition to all indemnification and other coverages required by law, the firm shall provide the following:

1. Workers' compensation insurance coverage in accordance with the standards of this State as set forth in N.J.S.A. 34:15-1 et seq.:

2. Public liability and automobile liability in amounts not less than those provided by law for any one person and any one occurrence respecting property damage;

3. A performance surety bond in the amount of the contract, executed by a reputable bonding company authorized to do business in this State, subject to reduction to 10 percent of the contract amount upon acceptance of the completed revaluation by the municipal tax assessor. Said reduced amount shall remain in effect until the firm has discharged all obligations respecting the defense of the contract;

4. The terms and conditions of all the foregoing may be in greater amounts if required by the municipality and copies of all policies shall be provided to the municipality prior to the commencement of any portion of the contract.

18:12-4.11 Delivery and summary

(a) A firm shall provide the municipal tax assessor with completed property record cards filed in sequence by block and lot numbers for all taxable and exempt properties. All supporting data, documentation and special procedures used in deriving values shall also be provided to the municipal tax assessor.

(b) A firm shall make available qualified personnel for the purpose of giving full explanation and instructions to the municipal tax assessor and his staff with regard to all materials submitted in all phases of the final revaluation.

(c) A file containing the new values must be provided by the revaluation firm to the municipal tax assessor in a format and medium consistent with the current New Jersey Property Tax.

18:12-5 (RESERVED)

18:12-6 (RESERVED)

18:12-7 (RESERVED)

18:12-8 (RESERVED)

18:12-9 (RESERVED)

SUBCHAPTER 10. REAL PROPERTY DEFINED

18:12-10.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context indicates otherwise:

“Affixed” means fastened or attached physically.

“Appurtenance” includes any tangible personal property affixed to land or improvements thereon.

“Functionally essential” refers to machinery, apparatus or equipment necessary for the habitability of the structure, including, but not limited to, such items as air conditioning and heating equipment or apparatus, lighting and bathroom fixtures, elevators, escalators, electrical wiring, plumbing, etc.

“Machinery, apparatus or equipment” means any machine, device, mechanism, instrument, tool, tank or item of tangible personal property used or held for use in business. The term includes, but is not limited to, that machinery, apparatus or equipment described in N.J.A.C. 18:24-4.2. The term also includes machinery, apparatus or equipment directly used in the production or sale of gas, water, steam, electricity or telecommunication services and such items directly used in the production of property on farms as defined in N.J.S.A. 54:32B-8.16.

“Material injury” in the case of real property means serious physical damage to the real property. Some of the factors which can be considered in determining whether “serious physical damage” has occurred are any appreciable change in the market value of the real property as a result of removal, the amount of time and the cost required to repair the condition caused by removal and the hazard or dislocation caused by the removal.

“Material injury in the case of property severed or removed from the real property means physical damage to the personal property sufficient to destroy its utility.

“Not ordinarily intended to be affixed permanently to real property” means that, in the custom and usage of the trade, like personal property is not intended to be permanently affixed. Indicators that personal property of a like kind is not ordinarily intended to be affixed permanently to real property include the following:

1. In the event of sale of the realty, the personal property would not ordinarily pass with title to the realty;

2. In the case of a business, the personal property ordinarily would be removed from the real property in the event of the relocation of the business;

3. Similar items of personal property are frequently resold separate from the real property.

“Production process” means the process of commencing with the introduction of raw materials or components into a systematic series of manufacturing, assembling, refining or processing operations and ceasing when the product is in the form in which it will be sold to the ultimate consumer.

“Structure” means any assemblage of building or construction materials fixed in place for the primary purpose of supporting, sheltering, containing or enclosing persons or property. The term “structure” does not include machinery, apparatus or equipment which the structure is designed to hold in place, shelter, contain or enclose.

“Used or held for use in business” means any item of machinery, apparatus or equipment used or held for use in business transaction, activity or occupation conducted for profit in New Jersey.

18:12-10.2 Real and personal property subject to the local property tax.

(a) For purposes of local property taxation, real property subject to tax includes all lands and improvements thereon.

(b) For purposes of local property taxation, real property includes personal property affixed to real property or an appurtenance thereto, if the personal property meets both of the following criteria:

1. Removal or severance of the personal property would cause material injury to either the real property or the personal property itself, and

2. The personal property is ordinarily intended to be affixed permanently to real property.

(c) Based on the criteria set forth in subparagraph (b) above:

1. Machinery, apparatus, or equipment used or held for use in business constitutes real property subject to local property taxation only if either (1) the machinery apparatus or equipment is a structure, or (2) the machinery, apparatus or equipment's primary purpose is to enable a structure to support, shelter, contain, enclose or house persons or property. However, pipe racks, piping and electrical wiring up to the point of connections with the machinery, apparatus, or equipment of a production process meet the requirements of subparagraph (b), above, and are subject to local property taxation as real property; and

2. Storage tanks with capacities in excess of 30,000 gallons are deemed to meet the requirements of subparagraph (b), above, and are subject to local property taxation as real property. Storage tanks with smaller capacities may or may not constitute real property, depending on whether they meet the requirements of subparagraph (b), above, and regardless of whether a production process occurs within the tank.

(d) Personal property subject to local property taxation includes only:

1. Machinery, apparatus or equipment of a petroleum refinery that is directly used to manufacture petroleum products from crude oil in any of the series of petroleum refining processes commencing with the introduction of crude oil and ending with refined petroleum products; and

2. Tangible goods and chattels, exclusive of inventories, used in the business of local exchange telephone, telegraph and messenger systems, companies, corporations or associations that were subject to tax as of April 1, 1997, under P.L. 1940, c. 4 (C.54:30A-16 et seq.), as amended, now repealed. A local exchange telephone company means a telecommunications carrier providing dial tone and access to 51% of a local telephone exchange.